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ABSTRACT

Modern marketing concepts and techniques are described as offering problem-solving and explanatory directions to the study of colleges and universities. In application to the administration of higher education, marketing is defined as an approach or philosophy of management and planning based on the conviction that those institutions that survive respond to basic market needs. Examples from currently available literature and practice on the application of marketing theory and techniques to the study of institutional problems are reviewed. The first example concerns development and promotion of an institutional image and contains a description of the use of "multiple dimensional scaling" and "multidimensional unfolding" techniques at Pacific Lutheran University. The application of marketing ideas to academic program development is also discussed. (SPG)

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THE HEURISTIC POTENTIAL OF MODERN MARKETING THEORY FOR HIGHER EDUCATION

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For the scholar of higher education marketing theory offers insight into the vigor of growth and change at some colleges and universities. As the scholar teaches present and future administrators in higher education, marketing theory offers a method to analyze the value exchanges institutions make with society and it suggests questions about the design and range of institutional operation. Administrators armed with marketing theory and techniques should bring a valuable tool to the management of higher education. Scholars of higher education will have another viewpoint for analysis and a set of queries, answers to which will enable them to track and plot the vitality of educational institutions.

As is the case with more than one management approach brought to higher education from business, the adoption of marketing ideas by scholars and administrators has been hindered by misconceptions about what marketing is. For many, "marketing" connotes huckstering and high pressure selling techniques. The term is often assumed to be nearly synonymous with "recruiting" or "sophisticated admissions procedures." These activities are not "marketing" in the sense to be used in this paper. Nor does marketing mean publicity gimmicks, "Madison Avenue" style admissions procedures, or the design of ephemeral educational programs that appeal to transient needs. The evolution in marketing theory over the past twenty years has contributed to the misunderstanding since even marketing experts disagree on what marketing is.

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What then is marketing as used in this paper? Kotler (1975), a pioneer in the application of marketing theory to non-profit organizations, offers a useful definition:

> Marketing is the analysis, planning, implementation, and control of carefully formulated programs designed to bring about voluntary exchanges of values with target markets for the purpose of achieving organizational objectives. It relies heavily on designing the organization's offering in terms of the target markets' needs and desires, and on using effective pricing, communication, and distribution to inform, motivate, and service the markets (p.5).

Another definition by Krachenberg (1972) reads:

> In its true meaning, however, marketing deals with the concept of uncovering specific needs, satisfying these needs by the development of appropriate goods and services, letting people know of their availability, and offering them at appropriate prices, at the right time and place. Marketing is dynamic in nature in that as needs change so also should programs and activities directed toward meeting these needs. In such a context marketing activity is performing a basic service to society (p.380).

Elements of these definitions are critical to an understanding of marketing. Marketing is a managed, controlled, planned, ongoing activity, designed to implement the purposes of the organization. Marketing emphasizes the discovery of needs among groups of people perceived by the organization as markets. The intention behind marketing activity is the promotion of voluntary exchanges of value with individuals by offering them, to the degree feasible, satisfaction of their needs through programs, goods or services. Finally, the organization has the responsibility of using pricing, communication, and distribution techniques so potential exchangers of value will be aware and be encouraged to respond to the organization's offering.

In application to the administration of higher education, marketing is an approach or "philosophy" of management and planning based on the conviction that those institutions that survive respond to basic needs felt by

members of the population the organization seeks to interact with, its markets. Markets are subgroups of the publics an institution has, which might be defined as "a distinct group of people and/or organizations that have an actual or potential interest and/or impact on an organization (Kotler 1975, p. 17)."

Administrators conversant with marketing theory will identify all the institution's publics because of their potential impact. If a decision is made to cultivate exchange relationships with certain publics, they become markets. Markets have specific sets of needs they seek satisfaction of through exchanges with the organization: educational services, derived status and credentials, perhaps a job, in exchange for payment of tuition by students; salaries, a sense of identity with a valued social institution, and a satisfying work life, in exchange for the provision of professional services by faculty members; need for ego-gratification, contacts with important persons, desire to serve in exchange for work as a board member.

College and university administrators who employ marketing concepts recognize that survival of an institution depends on the identification and fulfillment of the needs of their chosen clientele in a manner consistent with the educational purpose of the institution. The approach recognizes the exchange nature of the relationship between a higher educational institution and all its publics, it respects the legitimacy of client needs, and it acts on the principle that client satisfaction (or client perception that true value has been received from the exchange) is the best source of continuing support and new clientele.

At first glance, an attempt to discover and fulfill clientele needs appears to lead to pandering, license, and the promotion of hedonism. On the contrary, because marketing is an approach or philosophy of management, it

offers counter-balancing principles that implore institutional administrators to make decisions from a long-range perspective. Is a proposed institutional service actually consistent with the institutional mission? For another example, the marketing concept of institutional image explains why certain institutions are perceived (and sought after by specific markets) for some set of attributes, perhaps a high degree of control, religiosity, or moral emphasis. Concern for "institutional image," may be the actual basis for the rejection of new academic program proposals by institutional administrators, even if their explanation is only "its just not right for our college." Such decisions may exemplify an understanding of a marketing "rule"—to build and preserve on perceived institutional strength. Obviously, if college and university administrators are unconcerned with institutional mission or with long-term image, marketing ideas will not prevent them from offering fallacious educational programs. But, to adopt a marketing philosophy of management as defined here requires consistent reflection on the underlying purposes for an organization's existence.

For the administrator and scholar of higher education the concepts of exchange relationships, publics, and markets are instructive although they are only a fraction of the storehouse offered by marketing. Frequently the student public and the student market are all that is implied by these terms, but in fact all the relationships of an institution with groups of people or organizations that might have an impact on the institution can be perceived as marketing relationships. Hence "college-faculty," "college-food vendor," university-legislator," "university-alumni,"college-to-donor relationships are susceptible to analysis as marketing relationships.

Once the validity of the exchange relationship concept has been accepted and the process of identifying publics, markets and responsive programs, goods or services undertaken, a variety of techniques long in development with marketing can be summoned to aid the institution.

Likewise, for the scholar surveying the operation of an institution as consultant or studying it as a textbook case, the rudimentary concepts of exchange relationship, publics, markets, responsive organizations, offer by themselves an analytical framework that enables the scholar to generate questions such as: What values does this institution offer to promote exchange? What groups or individuals is this institution trying to serve by means of any program or service? It is the author's experience that institutional leaders have often not considered these fundamental questions.

On the other hand, many administrators "instinctively" apply pieces of marketing thought to their institutional operation. Few vice presidents for development could survive without realistically analyzing the exchange relationship they cultivate with categories of donors or foundations. A few directors of admissions apply marketing concepts to the improvement of their admissions programs. A less evident marketing decision is the choice by an academic dean to buy more books for the library before a new academic program is begun. Yet here several markets are evident: potential students for the program, teaching faculty for it, evaluators, and those who will assess it through the quality of its graduates. Each of these parties evaluate what the institution offers them in return for their commitment to the new program.

At this point, it should be clear that the theories and concepts of marketing offer heuristic potential for the study of colleges and universities. An understanding of marketing can lead to the generation of

questions that can be focused on many areas of institutional operation, in audition to admissions or development. Institutional administrators will benefit in making decisions. Marketing also offers explanatory potential for scholars unraveling the intricacies of institutional operation.

A growing body of literature treats the application of marketing theory to higher education, including the seminal works of Philip Kotler. In addition, numerous projects have applied marketing concepts to specific problems in institutional practice. The author served with one project, the New Program Development Task Force of the Research and Management Project, Council for the Advancement of Small Colleges. In order to illustrate the application of marketing theory and techniques to the study of institutional problems, several examples from the currently available literature and practice will be reviewed at this point.

Institutional Image

If institutions are surrounded by "publics" that might have an impact on the institution and by "markets" that the institution seeks to cultivate, it is important for administrators to know what these important publics and markets really think of the institution. In other words, they must be aware of the image of the institution held by significant groups. Kotler (1975) has defined image as "the sum of beliefs, ideas, and impressions that a person has of an object (p. 131)." An organization that is trying to be responsive to clientele needs must focus on image because "it is the organization's image, not necessarily its reality, that people respond to (p. 129)."

Because of the impact of institutional image, decisions regarding an institution may well be made by important publics or markets solely on the basis of image. Legislators, the media, counselors, potential students and

their parents have images of institutions that affect their decisions (see Berry and Allen, 1977). Image is apparently important when students choose an institution to attend from a set of institutions that are competing for the same pool of students. Grunde (1976) concludes "The research done so far strongly suggests that images and perceptions are most salient in determining who enrolls in a college and who doesn't within a given applicant pool (p.24)."

Should an institution seek to determine what its institutional image is, a variety of methods are available. For example, Leister, Menzel, and Shanaman (1976) describe the use of "multiple dimensional scaling" and "multidimensional unfolding" techniques at Pacific Lutheran University. Using surveys directed at specific markets such as community college students, the researchers determined the particular attributes of an institution considered to be of greatest importance. Then, comparative rankings for these attributes for Pacific Lutheran and a series of competitors were ascertained. The results enabled institutional administrators to be more certain of the "position" held by Pacific Lutheran in the competitive marketplace (p.37). [For example, certain institutions are perceived as the place to find high quality academic programs at low cost with a friendly environment. It is desirable to hold a distinct position that is also a position with high demand. However, to be perceived as low quality, high priced and unfriendly identifies a market position that is probably distinctive, but also a place of little demand.] In turn, administrators were able to weigh the probable impact of changes in academic program on institutional image and to identify new student markets among those those who actually perceived the institution favorably. Aspects of institutional programs were selected for emphasis in communication efforts in order to bolster the market position hold the institution has. A further benefit of the study was

the opportunity it offered to see first hand how differently outsiders viewed the university from insiders (p.40).

The Pacific Lutheran study used computer programs, drew from several diverse respondent samples, and resulted in comparative image data on the institution and eleven other competitors. Winkleman (1974) studied the image of one small private institution, Roberts Wesleyan College, to ascertain what the natural constituencies of the institution (students and religious leaders and parents from one of several religious denominations) actually thought of the institution, particularly in comparison with the "ideal" college they had in mind.

Winkleman compared the responses of the various respondent groups on a twenty-three pair semantic differential scale (p.7). He concluded that in reality, the college was actually more like the ideal institution than the constituents perceived it to be. It was evident that positive aspects of the college's program needed amplification through publicity and admissions material. Also apparent as a result of the survey were conflicts in expectation for the institution among divisions of the institution's constituency (i.e., its market segments). Administrators were forewarned that important policy matters would have to be resolved if the institution were to continue to strive to address the needs of its divergent market segments.

These two examples only partially illustrate the potential in the image concept for explaining behaviors of institutional markets and publics toward an institution. Yet, in both instances administrators or their designees recognized the importance of determining the perceived attributes of an institution, as part of the complicated perception of value behind the exchange relationship that is fostered with specific markets.

Academic Program Development

Academic program development is a function probably gripped solidly by the academic officers and faculty of most colleges and universities. However, marketing ideas have been applied or proposed for application to the process. Marketing focuses on the promotion of voluntary exchange relationships. An organization must bring something of value to the bargaining table to offer in exchange for desired resources from an individual or organization. In other words, organizations must offer products or services that respond to the needs of potential clients in order to consumate an exchange. Consequently, in marketing theory the development of new products is a process of high concern. In higher education, academic program development is one of the many possible forms of new product development.

In comparison with the growing literature on application of marketing ideas to admissions, far less literature is available on the application of marketing product development ideas to academic programs. The first example stresses a procedure for the generation and screening of academic program ideas. The second emphasizes college wide sensitivity to market analysis as a necessary pre-condition to academic program development.

The late Wayne Lee and Joseph Gilmour (1977) describe an approach to the development and screening of new programs used experimentally at the York Commonwealth Campus of Penn State University. The objective of the procedure is "to provide institutional decision makers, planners, and faculty with a systematic approach for identifying ideas for new academic programs and for estimating the demand for these new programs before they are implemented (p.303).

Eight interacting steps are followed. Step one is the definition of institutional mission and service area (p.308). [It should be noted that this step is crucial to the application of marketing ideas generally.] A second

step is systematic, cultivated idea generation, drawing on community influentials for ideas as well as faculty and students in the search for new ideas. Third (p.309) is the screening of ideas and their elimination, if, for example, they are inconsistent with the institutional mission. Once ideas have passed the initial screening, concept development must follow, through which rough ideas become program concepts for a specific market. This is a most difficult step.

At this point, the academic program concept itself must be tested. Perhaps through the use of group interviews, the clarity and appeal of the concept is tested in order to measure the level of interest of specific markets. If the program concept survives to this point, a sixth step is costing (p.310), after which more formal techniques may be employed to estimate program demand (p.311). Finally, a program evaluation occurs and a decision is made to implement, hold, or kill the program idea (p.312). Although it was a limited test, Lee and Gilmour regarded their pilot test of the eight-step procedure borrowed from marketing a success worthy of further testing.

Another example of the application of marketing ideas to academic program development can be seen in A Market Analysis Approach to Program Development (forthcoming), a product of the New Program Development Task Force of the Council for the Advancement of Small Colleges Research and Management Project. Market Analysis Approach posits educational programs as a college's attempt to relate institutional mission to the needs of society (p.I-1). Since these needs are constantly changing, educational programs must change. Marketing offers the methodologies to promote and guide this constant change. However, for marketing to be successful at an institution, it must be regarded as a total college activity (p. II-1).

Market Analysis Approach stresses that program development in colleges must take place after institutional decision-makers have accepted basic

marketing tenets. A "Check-List for Market Analysis" (liberally derived from Kotler) directs the institution to define carefully its mission and goals, strategies, publics, markets, among other elements, and to study the satisfaction and perception institutional clientele hold toward it. Although the concepts stressed in Market Analysis Approach have not yet been tested fully in application at institutions, they were developed through a study of the known applications of marketing theory to college operation. The manual is designed to translate marketing concepts into language and situations familiar to administrators of private colleges.

Conclusion

Modern marketing concepts and techniques offer problem-solving and explanatory directions to the study of colleges and universities. But, first, marketing ideas must be understood by administrators and students of higher education. Only one or two key ideas have been lightly brushed in this paper. The recognition that an institution is involved in exchange relationships touching basic human needs is itself a powerful insight, useful in explaining the behaviours of individuals and groups in relation to institutions. Marketing is simply the formal recognition of the exchange process and the adoption of practices to further the exchanges in specific directions in order to achieve the purposes of the organization. For those students of higher education who accept the exchange relationship as a valid explanation of why individuals and organizations interact the way they do, marketing offers an array of concepts, techniques and theories that will promote questions and answers on the workings of higher education.

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